

HB 868 -- MISSOURI EMPOWERMENT SCHOLARSHIP ACCOUNTS PROGRAM

SPONSOR: Bahr

This bill establishes the Missouri Empowerment Scholarship Accounts Program.

For all tax years beginning on or after January 1, 2017, a taxpayer may make a qualifying contribution to an educational assistance organization and claim a tax credit, as described in the bill. The tax credit is for 100% of the amount of the contribution. The tax credit may be transferred, sold, or assigned. Tax credits are also refundable. The annual cumulative amount of tax credits is limited at \$25 million, which will be adjusted based on the growth of the program. The State Treasurer will establish a procedure to allocate on the amount of tax credits concerning all educational assistance organizations on a first-come, first-served basis. The Treasurer may reapportion those tax credits to educational assistance organizations that have used all, or a certain percentage, of their tax credits (Section 135.713, RSMo).

An educational assistance organization will meet certain requirements, including notifying the Office of the State Treasurer of its intent to provide scholarship accounts; being a 501(c)(3) organization; providing a receipt to taxpayers for contributions; ensuring that funds are used as specified in the bill; distributing scholarship payments four times per year in an amount not to exceed the state adequacy target; providing the Office of the State Treasurer, upon request, with criminal background checks on all employees and board members; and demonstrating financial accountability and viability, as described in the bill. Each educational assistance organization must publicly report to the Office of the State Treasurer, by June 1 annually, the name and address of the organization, the name and address of each student who opened a scholarship account, the total number and dollar amount of contributions during the previous calendar year, and the total number and dollar amount of scholarship accounts opened during the previous calendar year (Section 135.714).

The Office of the State Treasurer will provide standardized forms for program participants. It may conduct a financial review or audit of any educational assistance organization if it possesses evidence of fraud. In addition, the office may bar an educational assistance organization from participating if it has failed to comply with program requirements (Section 135.716).

A student is eligible to receive funds in a Missouri Empowerment Scholarship Account if he or she is an elementary or secondary student and has attended a public school which meets criteria for a qualifying school as specified in the bill or is eligible to begin

kindergarten or first grade.

The money in the account may only be used for certain expenses related to the qualified student's education. The parent of a qualified student must sign an agreement to enroll the student in a qualifying school to receive an education in certain subjects, release the district of residence from the obligation of educating the student, and use the Missouri Empowerment Scholarship Account money for specified purposes. The scholarship accounts are renewable on an annual basis upon request of the parent. Once a student has qualified, he or she remains eligible for renewal until the completion of high school. If a student withdraws from the program by enrolling in a non qualifying school, or is disqualified for violations specified in the bill, the scholarship account will be closed and any remaining funds returned to the educational assistance organization for redistribution to other students. When a student withdraws from the program, the responsibility for providing an education for that student transfers back to district of residence.

At the end of the school year, any funds remaining in the scholarship account must remain in the account for the following school year. Any funds remaining in the account after the student's high school graduation will be returned to the educational assistance organization for redistribution to other students (Section 166.705).

A qualified school that enrolls one or more qualified students must comply with academic accountability provisions set forth in the bill (Section 166.710).

The Office of the State Treasurer must conduct or contract for an annual audit of accounts to ensure compliance. A parent or guardian may be disqualified from program participation, if the State Treasurer finds that he or she has committed an intentional program violation. The decision of the State Treasurer may be appealed to the Administrative Hearing Commission (Section 166.715).

A person commits a Class C misdemeanor if they are found to have knowingly used moneys for any purposes other than those set forth in the bill (Section 166.720).

This bill is similar to SB 32 (2017), SB 313 (2017), SB 609 (2016), HCS HB 1589 & 2307 (2016), and SB 531 (2015).